

News from the Environmental and Public Protection Cabinet

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KENTUCKY RESIDENTS URGED TO “GET SMART” ABOUT INSURANCE

FRANKFORT, Ky. (Jan. 16, 2004) - Every January, Americans resolve to exercise more or lose weight in the coming year, but most likely “get smarter about insurance” is not at the top of their self-improvement resolution lists. However, setting this goal may be more important than one might think. In fact, according to a recent survey by the National Association of Insurance Commissioners (NAIC), even though most Americans feel they have about the right amount of insurance coverage (72 percent), only 33 percent say they understand the details of those policies “very well.”

Luckily, this unfortunate - and often costly - information gap is completely avoidable. When it comes to insurance, knowledge is your best policy. That’s why the NAIC and the Kentucky Office of Insurance are encouraging consumers to get smart about their coverage during the third annual Get Smart About Insurance Week, January 19-23, 2004.

“The main idea behind Get Smart About Insurance Week is educating consumers, not about selling or buying insurance policies,” said the acting executive director of Kentucky’s Office of Insurance Glenn Jennings. “Kentucky’s Office of Insurance is here to give consumers impartial insurance information in order to make sure their families are properly covered.”

Survey finds room for improvement To gauge Americans’ understanding and perceptions of their insurance coverage, telephone surveys of 1,009 adults who are 18 years and older were conducted by the national research company OCR International.

The number of people who think they have the right amount of insurance has increased since a year ago (72 percent versus 67 percent, respectively). However, the number of consumers who say they understand the details of their coverage “very well” has remained about the same (33-34 percent).

“This information shows that many Americans may have a false sense of security when it comes to their insurance coverage,” Jennings said. “Although most Americans find peace of mind in having insurance, a better understanding will put them in the driver’s seat.”

The youngest adults (ages 18-24) are the least likely to understand the details very well (20 percent). Understanding increases with age, as almost half of the participants 65 and older claim they know their insurance details very well (45 percent).

“Young adults are particularly in need of education about the nature of insurance coverage, given their limited life experience and pending lifestyle changes, as they begin family responsibilities,” Jennings said.

“Get smart” tips for consumers

During NAIC’s Get Smart About Insurance Week, consumers are encouraged to take several steps to become more educated about their insurance coverage. “It is in the hands of consumers to watch out for their own best interests. We advise consumers to shop around and know what kind of coverage they need before they purchase a policy,” Jennings said. Other tips from the Kentucky Office of Insurance include:

- Call the Kentucky Office at 800-595-6053 or visit the Web site at <http://doi.ppr.ky.gov/kentucky/> for free tips and up-to-date information prior to purchasing health, life, auto, home, or other insurance coverage. An interactive quiz to test basic insurance knowledge is also available on the Web site.
- Schedule a routine “check-up” with your insurance providers at least once a year. Inquire about the cost benefit of opting for higher deductibles.
- Ask specifically about discounts for good driving records, good health, good grades, special education or training.
- Shop around for identical products and services. Not every company charges the same rate.
- Remember an insurance policy is a legal document. Read it carefully.

“We understand better than anyone the unique insurance needs of people living in Kentucky. No matter what your situation is, we are here to help you get smart about your insurance,” Jennings said.